



Cenovus Stock: A Leaner, Greener Energy Play?

Description

Investors in **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) stock may be well aware of the company's core business. Indeed, as a [key player](#) in oil and natural gas extraction, Cenovus has become one of the top energy stocks in Canada.

However, there's some indication that Cenovus may be making the shift in a big way toward renewables. Let's dive into what this could mean for long-term shareholders considering conventional energy names today.

Cenovus stock intriguing investors with First Nation partnership

Many Canadian companies stipulate specific pollution-reduction targets, as promised to their investors. Consequently, Canadian corporations have been buying electricity from clean energy manufacturers in increasing quantities. These corporate power purchase agreements (or PPAs) have been beneficial for renewable power companies. Indeed, locking in supply at a given price provides stability to clean energy investors and allows for more investment in future production. Unsurprisingly, this seems has become a growing trend in recent times.

Cenovus Energy has recently struck a partnership to purchase renewable energy from one of the new solar projects partly developed by Cold Lake First Nation. First Nation and Elemental Energy Inc. jointly own the new solar power project. This planned facility in southern Alberta will add 150 megawatts of power to this provincial grid.

As per Chief Roger Marten, this PPA will bring much-needed financial benefits to First Nation. According to this 15-year agreement, Cenovus has agreed to purchase the complete output of the solar power plant. This will enable the energy giant to offset the emissions it generates through electricity for its operations. Accordingly, Cenovus expects to offset its emissions by almost 170,000 tonnes. This figure translates to nearly 40% of Cenovus's Scope 2 emissions in Alberta.

This new solar power plant will begin its operations in 2023. It has yet to obtain the necessary developmental permits.

Bottom line

Energy companies like Cenovus are making the shift toward becoming more environmentally friendly. This isn't surprising. However, I think this move indicates Cenovus stock may have more value for ESG-conscious investors. Those concerned about how quickly energy giants like Cenovus will be able to become leaner and greener will like this news.

Additionally, the fact that Cenovus is choosing to pursue a deal with a First Nation group is important. A number of Canadian regulations are set to be imposed which could put a floor on the percentage of a company's business derived from First Nation contracts. Accordingly, Cenovus appears to be killing two birds with one stone with this deal.

Indeed, investors seeking [long-term value](#) in the energy sector can't go wrong with Cenovus stock. This is a company I think has tremendous value today. Accordingly, if energy prices continue to climb, this is a stock that could prove how cheap it is in short order.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. energy
2. growth
3. growth stocks
4. investing
5. market

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Energy Stocks
2. Investing

Tags

1. energy
2. growth
3. growth stocks
4. investing
5. market

Date

2025/09/26

Date Created

2021/08/10

Author

chrismacdonald

default watermark

default watermark